

FY 2007-08 BUDGET

BUDGET SECTION SUMMARY

Section Title:

SANITATION ZONE - AIRPORT / LARKFIELD / WIKIUP

A. Program Description

This budget finances the operation, maintenance, and administration of a collection system, trunk line, and treatment plant serving the Airport/Larkfield/Wikiup area.

B. Financial Summary

Section				NET COST/USE OF FUND BALANCE		
	FY 06-07 Adopted	FY 07-08 Requested	Percent Change	FY 06-07 Adopted	FY 07-08 Requested	Percent Change
Operations	\$2,570,073	\$2,712,023	5.52%	\$1,049,609	\$1,117,139	6.43%
Bonds	293,412	290,921	(0.85%)	(164,835)	(210,000)	27.40%
Construction	1,335,895	250,460	(81.25%)	(1,856,105)	245,710	(113.24%)
Acquisition	2,890,077	104,246	(96.39%)	2,634,128	(147,316)	(105.59%)
TOTAL:	\$7,089,457	\$3,357,650	(52.64%)	\$1,662,797	\$1,005,533	(39.53%)

C. Staffing Summary

No staffing is allocated to this index.

D. Workload Summary

Workload Indicator	FY 05-06 Actual	FY 06-07 Budget Estimate	FY 06-07 Revised Estimate	FY 07-08 Projected	Change from FY 06-07 Budget Estimate
Total ESDs	3,533	3,589	3,533	3,550	(1.09%)
Total APNs	2,634	2,648	2,648	2,648	0.00%

E. Summary of Issues and Significant Changes

The Airport SZ's treatment plant was originally designed as a zero discharge plant with the ability to treat an average daily dry weather flow of up to 0.3 million gallons per day (mgd) to secondary wastewater treatment standards. The original design allowed for future expansion of the treatment plant, in 0.3 mgd increments, to eventually increase the treatment capacity to 1.2 mgd. An expansion project in 1989 increased the treatment and disposal capacity to 0.6 mgd. A second expansion project, completed in 1997, increased the treatment capacity to 0.9 mgd and upgraded the wastewater treatment to tertiary standards. The current permitted capacity of the Airport SZ facilities is 0.9 mgd.

The requested rate per ESD for FY 07-08 annual service charges is \$471, representing a 6.0% increase from FY 06-07. The Airport Sanitation Zone is facing serious issues with its filtration system. Various steps have been taken to improve the performance of the filtration system, but significant funds may need to be expended in the future to affect a long-term solution. In addition to funds needed for the ongoing operations and maintenance expenses, the need for accruing funds is necessary for the replacement of aging infrastructure. Over time it will be necessary to increase the level of capital replacement funding to ensure the long-term reliability of this system.

F. Summary of Reduction Options

No reduction options are proposed.

G. Attachments

- Summary of Revenues and Expenditures
- Character Justification
- Statement of Special Fund Activity

FY 2007-08 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANI ZONE - AIRPORT / LARKFIELD / WIKIUP - OPERATIONS
Section/Index No: 682104

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
REVENUES:				
<u>TAXES</u>				
1001 Flat Charges - CY	\$1,396,904	\$1,465,469	\$68,565	4.91%
1061 Flat Charges - PY	11,000	12,000	1,000	9.09%
1120 Penalties / Costs on Taxes	2,000	2,000	0	0.00%
Subtotal Taxes	\$1,409,904	\$1,479,469	\$69,565	4.93%
<u>USE OF MONEY</u>				
1700 Interest on Pooled Cash	\$4,000	\$2,375	(\$1,625)	(40.63%)
Subtotal Use of Money	\$4,000	\$2,375	(\$1,625)	(40.63%)
<u>CHARGES FOR SERVICES</u>				
3400 Sanitation Services	\$106,560	\$113,040	\$6,480	6.08%
3403 Ind Users Monitoring/Discharge	0	0	0	N/A
Subtotal Charges for Services	\$106,560	\$113,040	\$6,480	6.08%
TOTAL REVENUES	\$1,520,464	\$1,594,884	\$74,420	4.89%

EXPENDITURES:

SERVICES AND SUPPLIES

6040 Communications	\$3,500	\$3,500	\$0	0.00%
6140 Maintenance - Equipment	0	80,000	80,000	N/A
6180 Maintenance - Bldgs/Impr	95,500	0	(95,500)	(100.00%)
6262 Lab Supplies	2,000	1,500	(500)	(25.00%)
6512 Testing/Analysis	0	25,000	25,000	N/A
6522 District Services	750,000	4,000	(746,000)	(99.47%)
6523 District Operations	0	620,000	620,000	N/A
6570 Consultant Services	20,000	5,000	(15,000)	(75.00%)
6573 Administration Costs	10,000	12,000	2,000	20.00%
6610 Legal Services	10,000	2,000	(8,000)	(80.00%)
6629 Fiscal Accounting Services	0	20,000	20,000	N/A
6630 Audit / Accounting Services	6,000	0	(6,000)	(100.00%)
7212 Chemicals	65,000	85,000	20,000	30.77%
7217 State Permits / Fees	35,000	15,000	(20,000)	(57.14%)
7247 Water Conservation Program	1,000	1,000	0	0.00%
7206 Equipment Usage Charge	0	85,000	85,000	N/A
7250 Reimbursable Projects	0	0	0	N/A
7320 Utilities	200,000	125,000	(75,000)	(37.50%)
Subtotal Services and Supplies	\$1,198,000	\$1,084,000	(\$114,000)	(9.52%)

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
<u>OTHER CHARGES</u>				
7980 Depreciation	\$875,000	\$1,114,000	\$239,000	27.31%
<i>Subtotal Other Charges</i>	\$875,000	\$1,114,000	\$239,000	27.31%
<u>OTHER FINANCING USES</u>				
8625 OT - W/in Special Dist - BOS	\$485,073	\$502,023	\$16,950	3.49%
<i>Subtotal Other Financing Uses</i>	\$485,073	\$502,023	\$16,950	3.49%
<u>APPROPRIATIONS FOR CONT</u>				
9000 Appropriations for Contingencies	\$12,000	\$12,000	\$0	0.00%
<i>Subtotal Appropriations for Contin.</i>	\$12,000	\$12,000	\$0	0.00%
TOTAL EXPENDITURES	\$2,570,073	\$2,712,023	\$141,950	5.52%
TOTAL NET COST <i>(Expenditures Minus Revenues)</i>	\$1,049,609	\$1,117,139	\$67,530	6.43%

FY 2007-08 BUDGET
CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation

Section Title: Sanitation Zone - Airport/Larkfield/Wikiup - Operations

Character Title: Taxes

Character No.: 682104-10

1001 Flat Charges - CY

Flat charge revenue from annual service charges is expected to increase from the adopted FY 06-07 budget. The rate will increase approximately 6.0%, from \$444 to \$471.

ESDs times annual rate:	3,310	x	\$471		\$1,559,010
Less Estimated Delinquency Factor:			6%		(93,541)
					<hr/>
					\$1,465,469

(See SubObject 3400 for Total ESDs)

1061 Flat Charges - PY

This account records the estimated delinquent amount of prior years sewer service charges.

1120 Penalties / Costs on Taxes

This item records penalties paid on delinquent sewer service charges.

Character Title: Use of Money

Character No.: 682104-17

1700 Interest on Pooled Cash

This account records interest on pooled cash held for the Zone by the County Treasurer's office. Estimated interest is projected based on cash on hand and current interest rate trends.

Estimated Average Cash Balance	\$50,000
Projected Interest Rate	<hr/> 4.75%
Projected/Planned Interest on Pooled Cash	\$2,375

Character Title: Charges for Services

Character No.: 682104-30

3400 Sanitation Services

This account records annual sewer service charges for entities that are invoiced, rather than collected as flat charges on the tax roll, and for new hook-ups as they occur during the year. The Sanitation Rate Ordinance requires that charges be collected at the time permits are issued. The properties are then added to the tax roll master listing and collected through sub-object 1001, Flat Charges, in the following year.

Based on projected FY 07-08 ESDs, the Zone will experience an increase in revenue from invoiced entities. The budgeted revenue reflects an increase in the annual sewer service charge from \$444 to \$484.

ESDs x Annual Charge	240	x	\$471	=	\$113,040
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3403 Ind Users Monitoring/Discharge

This account records revenue associated with the Industrial Users Monitoring program or revenue received from any industrial user for events such as an unauthorized (or specially authorized) discharge into the treatment plant. There is no planned revenue for FY 07-08.

industrial user for events such as an unauthorized (or specially authorized) discharge into the treatment plant. There is no planned revenue for FY 07-08.

6040 Communications

This account records expenses paid by the Zone for outside communication and wireless services.

6140 Maintenance - Equipment

This account records the costs for routine maintenance of equipment.

6180 Maintenance - Bldgs / Impr

This account records the cost of parts and materials required to maintain the collection system and treatment facilities.

6262 Laboratory Supplies

This account records the cost of lab supplies required for testing and monitoring wastewater.

6512 Testing/Analysis

This account records expenses incurred to comply with all regulatory testing requirements.

6522 District Services

This accounts records the service and supply type items associated with operations and maintenance of the Zone's facilities.

6523 District Operations

This account records the cost of labor and overhead associated with operations and maintenance of the Zone's facilities. This new account number is being set-up to isolate internal labor activities.

6570 Consultant Services

This account records the cost of consultant services required in support of special projects.

6573 Administration Costs

This account represents the 3% administration fee assessed by the County for processing collection of flat charges on the tax roll.

6610 Legal Services

This item is requested to provide funds for the estimated cost of legal services to be provided by County Counsel, or outside legal services, as required.

6629 Fiscal Accounting Services

This item records the direct charge for services provided by the Fiscal Services Section of the County Auditor Controller's Office for staff costs attributed to Zone's accounting.

6630 Audit / Accounting Services

This account represents the cost for audit and accounting services provided by an outside certified public accounting services. No funds will be budgeted this fiscal year.

7212 Chemicals

This account records the cost of chemicals required for operation of the treatment plant. The requested amount is considered necessary to meet the requirements of the Zone's operating permit (waste discharge requirements), as required by the North Coast Regional Water Quality Control Board.

7206 Equipment Usage Charges

This item is requested to provide funds for equipment usage.

7217 State Permits / Fees

This account records the cost of District permits as mandated by the Regional Water Quality Control Board.

7247 Water Conservation Program

This account records the cost of a Water Conservation Program for the Zone.

7320 Utilities

This account records the cost of payments made for utilities such as gas, electricity, and water.

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Character Title: Other Charges

Character No.: 682104-75

7980 Depreciation

Generally Accepted Accounting Principles require that depreciation be expensed each year.

Character Title: Other Financing Uses

Character No.: 682104-86

8625 OT - W/in Special Dist - BOS

This account reflects the transfer of cash from the Operations Fund to the Bond Fund and the Acquisition Fund to cover the principal and interest payments.

Transfer to:	Bond Fund	\$250,461
	Acquisition Fund	<u>251,562</u>
	Total Operating Transfer	\$502,023

Character Title: Appropriations for Contingencies

Character No.: 682104-90

9000 Appropriations for Contingencies

This account provides funding for unanticipated expenditures or revenue shortfalls.

FY 2007-08 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation

Section: Sanitation Zone - Airport / Larkfield / Wikiup - Operations

Index No.: 682104

DESCRIPTION OF FUND ACTIVITY	Actual FY 05-06	Estimated FY 06-07	Requested FY 07-08
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance			
Available for Budgeting (See Detailed Components Below)	\$641,148	\$445,948	\$214,954
Annual Revenues and Expenditures:			
Revenues - Increase fund balance	2,049,038	1,589,511	1,594,884
Expenditures - (Decrease) fund balance	(3,119,249)	(2,644,567)	(2,712,023)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	(1,070,211)	(1,055,056)	(1,117,139)
Adjustments to Reserves/Encumbrances:			
7980 - Depreciation	823,693	824,062	1,114,000
Net Change in Encumbrance	42,698	-	-
Post Audit Adjustment - Prepaid Expense	10,169	-	-
Post Audit Adjustment - Payables	(1,549)	-	-
Net Adjustment - Increase/(Decrease) to Fund Balance	875,011	824,062	1,114,000
Undesignated/Unreserved <u>ENDING</u> Fund Balance			
Available for Budgeting	\$445,948	\$214,954	\$211,815
Total Increase/(Decrease) in Fund Balance for Fiscal Year <i>(Difference between Beginning and Ending Balance)</i>	(\$195,200)	(\$230,994)	(\$3,139)
<u>Fund Balance Components at Beginning of FY</u>	<u>7/1/05</u>	<u>7/1/06</u>	
Cash	\$673,191	\$442,223	
Other Receivables	52,373	25,966	
Prepaid Expense	0	47,787	

FY 2007-08 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

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Section: Sanitation Zone - Airport / Larkfield / Wikiup - Operations

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Cash	\$673,191	\$442,223	
Other Receivables	52,373	25,966	
Prepaid Expense	0	47,787	

FY 2007-08 BUDGET

SUMMARY OF REVENUES AND EXPENDITURES

Section Title: SANITATION ZONE - A.L.W. - BONDS
Section/Index No: 682203

Sub-Object No. and Title	Adopted 2006-07	Requested 2007-08	Difference	Percent Change
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REVENUES:

OTHER FINANCING SOURCES

4625 OT -W/in Special Dist - BOS	\$458,247	\$500,921	\$42,674	9.31%
Subtotal Other Financing Sources	\$458,247	\$500,921	\$42,674	9.31%

TOTAL REVENUES	\$458,247	\$500,921	\$42,674	9.31%
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EXPENDITURES:

SERVICES AND SUPPLIES

6635 Fiscal Agent Fees	\$4,500	\$9,000	\$4,500	100.00%
6640 Debt Issuance	6,594	6,594	0	0.00%
Subtotal Services and Supplies	\$11,094	\$15,594	\$4,500	40.56%

OTHER CHARGES

7920 Interest	\$280,683	\$275,327	(\$5,356)	(1.91%)
7923 Discount/Bonds	1,635	0	(1,635)	(100.00%)
Subtotal Other Charges	\$282,318	\$275,327	(\$6,991)	(2.48%)

OTHER FINANCING USES

8625 OT -W/in Special District - BOS	\$0	\$0	\$0	N/A
Subtotal Other Charges	\$0	\$0	\$0	N/A

ADMINISTRATIVE CONTROL ACCOUNT

9200 Ent - Principal	\$190,000	\$210,000	\$20,000	10.53%
9209 Ent - Principal Clearing	(190,000)	(210,000)	(20,000)	10.53%
Subtotal Administrative Control	\$0	\$0	\$0	N/A

TOTAL EXPENDITURES	\$293,412	\$290,921	(\$2,491)	(0.85%)
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TOTAL NET COST	(\$164,835)	(\$210,000)	(\$45,165)	27.40%
<i>(Expenditures Minus Revenues)</i>				

FY 2007-08 BUDGET

CHARACTER JUSTIFICATION

Department - Division: Sonoma County Water Agency - Sanitation
Section Title: Sanitation Zone - A.L.W. - Bonds

Character Title: Other Financing Sources Character No.: 682203-46

4625 OT - W/in Special Dist - BOS

This account records the transfer of funds from the Operations and Construction Fund to cover debt payment.

Character Title: Services and Supplies Character No.: 682203-60

6635 Fiscal Agent Fees

This account records the fee collected by the County Treasurer for acting as the fiscal agent.

6640 Debt Issuance

This account records the cost of obtaining bond funding.

Character Title: Other Charges Character No.: 682203-75

7920 Interest

The 2000 bonds were completely refunded in September 2005. Bases on the refunded bond serial interest rate ranges from 2.6-5.0% over the life of the issue. The request for the forthcoming fiscal year is based on the bond amortization schedule prepared at the time the bonds were refunded.

7923 Discount/Bonds

This account records the amount of bond discount applicable.

Character Title: Other Financing Uses Character No.: 682203-86

8625 OT - W/in Special Dist - BOS

This account reflects amounts transferred to the Construction Fund for expenses incurred for projects eligible for funding from the proceeds of the 2005 Revenue Bond. No funds will be budgeted for FY 07-08.

Character Title: Administrative Control Character No.: 682203-92

9200 Ent - Principal

This account reflects the principal expense for revenue bonds that were issued in FY 05-06 to finance the capital improvements. Payments on the bonds will continue until October, 2026. The request for the forthcoming fiscal year is based on the bond amortization schedule prepared at the time the bonds were refunded.

The following reflects the bond principal payment history to date:

Original Amount of the Revenue Bond Issue:	\$6,220,000
Total 06-07 Principal Payments:	<u>(190,000)</u>
Outstanding Bond Amount	\$6,030,000

9209 Ent - Principal Clearing

This is the clearing account for sub-object 9200, Ent - Principal.

FY 2007-08 BUDGET

STATEMENT OF SPECIAL FUND ACTIVITY

Department: Sonoma County Water Agency - Sanitation
Section: Sanitation Zone - A.L.W. - Bonds
Index No.: 682203

DESCRIPTION OF FUND ACTIVITY	Actual FY 05-06	Estimated FY 06-07
Undesignated/Unreserved <u>BEGINNING</u> Fund Balance		
Available for Budgeting (See Detailed Components Below)	(\$212,272)	(\$239,771)
Annual Revenues and Expenditures:		
Revenues - Increase fund balance	463,055	454,747
Expenditures - (Decrease) fund balance	(326,528)	(295,590)
Net Surplus or Deficit - Increase/(Decrease) to fund balance	136,527	159,157
Adjustments to Reserves/Encumbrances:		
6640 Amortization of Debt Issuance Costs	6,594	6,594
7920 Amortization of Debt Refunding	25,637	25,637
1701 Amortization of Bond Premium	(6,257)	(6,257)
Change in Matured Bonds Payable	(30,000)	-
9200-ENT - Principle	(160,000)	(190,000)
Net Adjustment - Increase/(Decrease) to Fund Balance	(164,026)	(164,026)
Undesignated/Unreserved <u>ENDING</u> Fund Balance		
Available for Budgeting	(\$239,771)	(\$244,640)
Total Increase/(Decrease) in Fund Balance for Fiscal Year (Difference between Beginning and Ending Balance)	(\$27,499)	(\$4,869)
<u>Fund Balance Components at Beginning of FY</u>	7/1/05	7/1/06
Cash	\$26,368	\$13,320
Cash with Trustee	787	1,288
Matured Bonds Payable	(160,000)	(190,000)
Interest Payable	(79,427)	(64,379)
Total Beginning Fund Balance	(\$212,272)	(\$239,771)

Requested FY 07-08

(\$244,640)

500,921

(290,921)

210,000

6,594

25,637

(6,257)

-

(210,000)

(184,026)

(\$218,666)

\$25,974